

REMARKS/ARGUMENTS

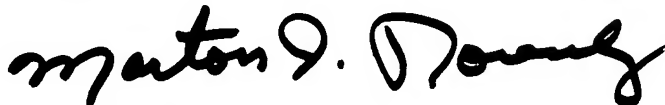
This case has been reviewed and analyzed in view of the Official Action dated 26 November 2004. In the Official Action, the Examiner has found six inventions, namely Species I directed to Fig. 1A drawn to a network system; Species II directed to Fig. 1B-1C drawn to encoder architecture; Species III directed to Fig. 4A-4B drawn to adaptive frame skipping; Species IV directed to Fig. 7 drawn to use of consecutive I-frames; Species V directed to Fig. 9 drawn to rate control processing; and Species VI directed to Fig. 10 drawn to scene level recursive bit allocation processing. The Examiner has required that Applicant choose one Species for further prosecution in this case.

By this Amendment and Response, Applicant has elected Species III directed to Fig. 4A-4B. Applicant further believes that Claims 1-15 and 24-28 read on Species III.

Further by this Amendment and Response, Applicant has canceled Claims 16-23 and 29-30.

It is now believed that the subject Patent Application has been placed in condition for examination, and such action is respectfully requested.

Respectfully submitted,



Morton J. Rosenberg
Registration #26,049

Dated: 12/23/04

Rosenberg, Klein & Lee
3458 Ellicott Center Drive
Suite 101
Ellicott City, MD 21043
410-465-6678